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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/726,793	12/01/2000	Joseph Lerner	28961.011300	5692

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ALSTON & BIRD LLP
BANK OF AMERICA PLAZA
101 SOUTH TRYON STREET, SUITE 4000
CHARLOTTE, NC 28280-4000

EXAMINER	
CHANDLER, SARA M	
ART UNIT	**PAPER NUMBER**
3628	

DATE MAILED: 03/29/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/726,793	LERNER ET AL.	
	Examiner	Art Unit	
	Sara Chandler	3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *12/21/2005*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-14* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-14* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Response to Amendment

This Office Action is responsive to Applicant's arguments and request for reconsideration of application 09/726,793 (December 1, 2000) filed on December 21, 2005.

Claim Rejections - 35 USC § 112

The following is a quotation of the first paragraph of 35 U.S.C. 112:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 1-14 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

As the specific shares owned by the individual investor are only those selected by him/her and there is no co-mingling of assets, there is no provision in the specifications as to how any one investor is able to purchase a fractional share for his own portion of the account since there would have to be a seller for that fractional interest and shares are only sold in the market in whole shares, unless there was an orchestrated joint purchase/sale by the fund manager as to both amount and time involving other investors within the "fund" who were seeking exactly the same complimentary fractional security at exactly the same time, or an investment by the fund manager in any extra

fractional share required to be made in order to accommodate any one investor. Neither of these instances are described by the specification. Even if there were a way to enable the described fractional ownership of a single share, the concept of accounting for it old and well known.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-14 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As the specific shares owned by the individual investor are only those selected by him/her and there is no co-mingling of assets, there is no provision in either the claims or the specifications as to how any one investor is able to purchase a fractional share for his own portion of the account since there would have to be a seller for that fractional interest and shares are only sold in the market in whole shares, unless there was an orchestrated joint purchase/sale by the fund manager as to both amount and time involving other investors within the "fund" who were seeking exactly the same complimentary fractional security at exactly the same time (à most improbable event), or an investment by the fund manager in any extra fractional share required to be made in order to accommodate any one investor. Neither of these instances are described either by the claims or the specification. Even if there were a way to

enable the described fractional ownership of a single share, the concept of accounting for it is old and well known.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-14 are rejected under 35 U.S.C. 103(a) as being unpatentable over Wallman (US 6,338,047; of record).

Wallman discloses (see at Least columns 1-24, and in particular columns 1-10, and figures 1-4):

an electronic system for creating personalized securities funds (e.g., col.3, line 61-col. 4, line 29) comprising:

a user interface (col. 8, lines 31-41) for receiving selections of securities to be included in a fund (investors, Nos. 1-10, item 110, Figs. 1-2b; col. 4, lines 1-14; col. 5, lines 1-14);

a securities holding account (140: or 180; col. 6, lines 16-47; col. 8, lines 42-50), a securities engine which calculates and tracks whole and fractional securities shares selected and owned by an individual investor (e.g., col. 7, lines 1-62; 130, Fig. col. 8, lines 31-41; col. 9, lines 32-39), an accounting engine which calculates account balances (col. lines 32-39; col. line 46-col. line and a reporting engine which generates system-wide and individual investor reports (col. 9, lines 32-39; col. 11, line 14-co1.12,

line as specified in claims 1, 4 and 14;

securities holding account contains all of the selections of securities (col. 3, line 6l-col. 4,line 30; cols. 7-8), as specified in claim 2; whole and fractional securities (e.g., col. col. 9, lines 32-39), as specified in claim 3;

A method for managing personalized securities funds comprising:

electronically receiving a shares or a dollar amount of a given security to be purchased, sold, or transferred (investors Nos. 1-10,110, Figs. 1-2b);

electronically consolidating and executing by and sell orders (110, 120, Fig. 1), electronically calculating whole and fractional shares owned along with fees, dividends, and proceeds of sale (130), reporting results of said calculations to said user (130), and wherein said consolidating and executing occurs in real time (col. 6, lines 23-61; col.9, lines 32-39; and see above rejection of claim 1 for similar limitations), as specified in claim 4; executing in real time or period of time ('real time" and period of time are a relative terms that is not further defined, they reads on using computers or devices with computers in them and transmitting data over a network such as those shown in Figs. 1-2; or col. 9, lines 23-27), as specified in claims 5, 7, and 9-10; actions as a result of conditions being met (reads on trading and finding e.g., prices and securities/shares that are what an investor is looking for, e.g. cols. 7-8; or col. 9,ines 49-61), as specified in claims 6 and 12; electronically receiving orders (Figs. 1-2; col. 9, lines 49-61; col. 8, lines 31-41; col. 9, line 9), as specified in claims 8,11; reports are transaction confirmations (e.g., col. lines 22-41), as specified in claims 12 and 14.

As the specific shares owned by the individual investor are only those selected by him/her and there is no co-mingling of assets, there is no provision in either the claims or the specifications as to how any one investor is able to purchase a fractional share for his own portion of the account since there would have to be a seller for that fractional interest and shares are only sold in the market in whole shares, unless there was an orchestrated joint purchase/sale by the fund manager as to both amount and time involving other investors within the "fund" who were seeking exactly the same complimentary fractional security at exactly the same time (a most improbable event), or an investment by the fund manager in any extra fractional share required to be made in order to accommodate any one investor. Neither of these instances are described either by the claims or the specification. Even if there were a way to enable the described fractional ownership of a single share, the concept of accounting for it is old and well known. The specification states that the rationale for this invention is to allow investors of extremely limited means (who cannot even afford a single whole share of stock that may sell for $50-$100 or so) to purchase a fractional share of one stock, as opposed to buying either one a whole share or a few dollars worth of a mutual fund. The examiner takes official notice that for the past several years discount brokers have charged e.g., $10-$20 or so for a purchase of 100 shares of a stock, so modern day alternatives are now available to small investors. However the application is silent on the subject of fees to be charged for these fractional transactions, so there is considerable question as to how cost effective or economically feasible these transactions would be, even if they were enabled - which they are not.

The concept of a "fund" consisting of private portfolios is a contradiction in terms, as there is no co-mingled fund of money and assets for the sake of diversification, but rather is simply several privately portfolios held as a collection exactly the same way brokerage firms have been doing it for decades for their many clients.

If there were a stated methodology in this application for the effective real-life enabled method of making available fractional shares for trading on a real time basis, as Is true in the general markets, at a proportionately modest economic fee (low % of cost) then the examiner would have to give such limitations patentable weight. However, the Computerized accounting and reporting for fractional shares (caused by stock splits) is old and well known, as is the accounting for the collection of private portfolios. Because these facts described above are old and well known it would have been obvious to one skilled in the art to have been aware of them and to have accounted for the collections of private portfolios and transactions of fractional shares prior to filing this application, and reported the results as needed.

Response to Arguments

Applicant's arguments filed regarding 35 USC §112 first and second paragraph, 35 USC §101 and 35 USC §103(a) have been fully considered but they are not persuasive.

USC §112

Applicant argues, the present application provides support for how Claims 1,4 and 14 enable an investor to purchase fractional shares, as enabled by an omnibus or

securities account, without having to match investors who are seeking exactly the same complimentary fractional security at exactly the same time.

Re Claims 1 and 4: In response, Examiner notes there is a discrepancy that occurs when an individual investor is allowed to purchase a fractional share. The phrase "Each share stored in the Omnibus Account 224 has a corresponding set of one or more 'owners" would mean that every whole or fractional share is owned by an investor. This does not account for the fractional shares in the system not owned by an investor such as when the investor purchases less than an entire share; or when more fractional sales are sold than purchased. Without an orchestrated joint purchase/sale by the fund manager this discrepancy will inevitably occur. (See application, pg. 11, lines 12-14)

The Sub-Account Engine tracks the whole or fractional ownership within individual or investor accounts, but it does not account for the discrepancy in the system as a whole when the total amount of fractional shares bought/sold for specific securities differ. Merely reporting or tracking ownership interests does not address this problem. An orchestrated joint purchase/sale would be required. (See application, pg. 8, lines 14-15)

The securities holding account does not act as a depository for an orchestrated joint purchase. Applicant fails to disclose what happens to the fractional shares that are not purchased by an owner/investor. Even if the securities engine tracks fractional ownership and fractional shares may be owned by more than one owner, neither of

these assertions address what would happen if there is a discrepancy in the fractional shares bought/sold.

Re Claim 14: In response, the Examiner notes although the Consolidation Engine 222 may accumulate purchase, sale, and transfer requests, the events (i.e., minimum number requests, certain period of time, specific date and time) triggering consolidation will not necessarily result in only whole shares being bought/sold. Similarly, the consolidated orders for dollar-amount purchase requests does not necessarily equate to a whole number of shares. (See application, pg. 12, lines 12-18; and pg. 11) Furthermore, even if there were a way to enable the described fractional ownership of a single share, the concept of accounting for fractional ownership is old and well-known.

The applicant mentions in the application that the, "Allocation Engine 223 may perform calculations based on information, including, but not limited to, allocating whole and fractional to individual purchasers, dividends for whole and fractional share owners, and securities sales proceeds." (See application, pg. 13, lines 14-17 and pg. 11) Without having investors seeking exactly the same fractional shares of securities at exactly the same time, or an investment by the fund manager in any extra fractional shares required to be made to accommodate any one investor, the allocation of shares will lead to discrepancies as well. For example, the stock price for the shares bought/sold will likely be different depending on when the investors purchase/sell; and there will likely be fractional shares that have not been allocated to individual purchasers.

The reference to the fractional shares that are left over being owned by a market maker (e.g., the system operator) is not disclosed in the application. Also, no reference is made to fractional shares in the omnibus account being used to satisfy fractional orders or portions of orders once they are large enough. The only events disclosed that trigger the consolidation/accumulation of purchase, sale and transfer requests were "accruing a minimum number of requests, a certain period of time elapsing, or reaching a specific date or time." None of these events will necessarily result in the fractional shares in the omnibus account being large enough to satisfy a fractional order or portion of an order. (See application, pg. 12, 12-15) . Furthermore, applicant's reference to the statement "Consolidation Engine 222 may execute securities sales or purchases which can be accommodated through securities held in Omnibus Account 224, but which are not assigned to an individual investor" (See application , pg. 12, lines 5-7) conflicts with another statement in the disclosure, "Each share stored in the Omnibus account has a corresponding set of one or more 'owners'..."(See application, pg. 11, lines 12-14). The later statement is interpreted as meaning that each whole share is owned in its entirety by investors and thus does not account for the situation where a fraction is owned by the owner/investor and a fraction is owned by the market maker (e.g., system operator).

Thus, for the reasons stated above for claims 1,4 and 14, the application does not enable an investor to purchase fractional share, without having to match investors who are seeking exactly the same fractional security at exactly the same time.

35 USC §101

Applicant argues, that there is not any requirement that an invention be cost-effective to have utility; and the present invention achieves a concrete and tangible result by providing for the purchase, holding and distribution of whole-dollar amounts and fractional shares of securities.

In response, Examiner notes the 35 USC §101 rejection has been withdrawn in view of applicant's arguments.

35 USC §103

Applicant argues, Wallman can be distinguished from the current application for several reasons: 1) Wallman's system allocates a pro-rata share in the fund based on the value of the contribution and the overall value of the fund. 2) In Wallman, each pro-rata interest is a percentage of each of the securities in the fund, not just those the participating user contributed or selected. 3) Wallman discloses that each investor can have an individual account in which the securities are individually held, but the securities in the account reflect the aggregate investment choices of the group of investors. 4) Wallman does not track and attach ownership to the security contributed by each of the individual investors, but instead calculates a pro rata interest in the composite group of securities owned collectively by all the investors. In contrast applicant's representative argues, that claim 1, 4 and 14 and their respective dependent claims focus on individual ownership of the securities rather than a pro-rata share of the fund as a whole. In particular applicant argues: 1) Claim 1 describes the securities engine as calculating and tracking whole and fractional share of the securities wherein

each of the investors continues to own only the securities they selected. 2) Claim 4 recites tracking the number of shares or dollar amount of the given security wherein each of the investors continues to own only the securities they selected. 3) Claim 14 recites tracking the number of shares or dollar amount of the given security wherein each of the investors continues to own only the securities they selected.

In response, Examiner notes the phrase, "wherein the securities shares owned by each of the individual investors includes only those securities selected by the individual investor,"(Application, claim 1) does not affect the functionality of Wallman. There may be instances in Wallman that an investor only invests in a particular security not common to any other investor. Therefore that investor would not share any interest with any other investor.

Pro rata ownership of the fund, is optional and not required (Wallman, col. 9, lines 9-41). "This information (i.e., investor's ownership interest) may optionally be quoted as a percentage (pro rata) of the fund, or as a dollar amount, or as a number of shares and fractional shares in the individual securities in the fund, or as a combination thereof (Wallman, col. 9, lines 34-38).

Furthermore, even if Wallman focuses on the preferences of a plurality of investors or pro-rata ownership instead of individual ownership of the securities, the differences would have still been obvious to one of ordinary skill in the art at the time of the invention. Wallman suggests that a system is needed for investors to invest in a directly owned portfolio that allows: "individuals to invest so that they can avail themselves of the advantages (e.g., economies of scale, active management) without

being subjected to the attendant disadvantages" (Wallman, Col. 3, lines 46-50); and to have his or her own portfolio "actively managed by the constantly and dynamically changing individual preferences....."(Wallman, Col 3, lines 50-55). Wallman's discussion regarding the preferences of a plurality of investors or the pro-rata ownership by those investors does not serve to teach away from the current application, it merely provides an example of how to address the problems. Applicant also cites: 1) economies of scale as a motivation, "The high cost of 'blue chip' stocks, as well as the large initial investment required to open an account with a brokerage house make diversification difficult, if not impossible, for a new investor outside a mutual fund" (Application, pg. 3, lines 14-16); and 2) the relevance of individual preferences, "investors are increasingly interested in selecting individual companies, municipalities, or other entities in which they invest, which cannot be done with a traditional fund" (Application, pg. 3, lines 3-5) and "A personal fund allows customers to carefully select securities to be a part of their fund...." (Application, pg. 4, line 3-4). Furthermore, Wallman discloses in the background of the invention that it can be a "portfolio of directly-owned securities owned by an investor or a group of investors", and although the preferences of a plurality of investors is preferred, it is not required. Wallman states, "It is a further object of the present invention to provide a vehicle with an unlimited number of other investors to interact with an unlimited number of other investors...." (Wallman, Col. 3, lines 61-63). An "unlimited number" of investors can be any number such as 1 investor or as large as a million or more.

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sara Chandler whose telephone number is 571-272-1186. The examiner can normally be reached on 8-4:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung Sough can be reached on 571-272-6799. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

SMC

HYUNG SOUGH
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600